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Oct 9, 1947
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FOR DUNN AND SETSER REURTEL 3063, OCT 3

Dept attaches great importance retention substance para 1, Art XI, especially since issue made of it. Essentially embodies very elementary right, namely, freedom conscience for Americans and right American community have own churches where they can peaceably worship pursuant own faith. Does not (repeat not) accord rights to other than American nationals; nor provide, contrasted with religious activities in first three Articles, for proselyting or other activity outside congregation bearing on non-Americans. Hardly believed proposed rule provided much if any more than things already tolerated for years in Italy or which Italy agreed to in Art XV Peace Treaty.

Dept notes first Art 1929 Lateran Treaty apparently incorporates by ref first Art 1848 Treaty. Latter provides in part that QUOTE other cults presently in existence are tolerated in conformity with the laws UNQUOTE. This apparently

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apparently constitutes formal Vatican acknowledgment right Italgovt tolerate non-Catholic faiths. Hardly conceivable that opposition reflects considered high level Vatican policy, and Emb should ~~[illegible]~~ seek have Italgovt bring discreetly ~~[illegible]~~ USgovt attitude in matter to appropriate officials Vatican.

If Ital objection concerns only special character assured City of Rome under first Art 1929 Concordat, it may be possible seek agreement through limited zoning arrangements. That is, allow Italgovt regulate future location non-Catholic churches proposed for immediate proximity Vatican City, famous Cathedrals, and other Roman sites of special significance and concern to Vatican. US would not insist liberty non-Catholics locate places of worship in conspicuously indelicate juxtaposition such sites. However, would be necessary define suggested regulatory power so as preclude forcing location non-Catholic churches in inconvenient and undesirable places, and so as allow reasonable choice locations. Refer again Art XV Peace Treaty. You are authorized explore foregoing possibility, which may be handled through protocol or addition to Treaty if desired.

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Term QUOTE other appropriate building UNQUOTE does not (repeat not) necessarily mean just any building whatsoever at any location whatsoever. Term subject to rule of reason. Substitution word QUOTE premises UNQUOTE unacceptable, as leaving danger unduly narrow interpretation. Compare its use in Art six.

To extent essential secure Ital acceptance, you authorized at discretion propose also any or all following modifications:

1. Add QUOTE or public order UNQUOTE at end sentence.

2. Delete term QUOTE or otherwise UNQUOTE in seventh and eighth line. If so, must be clearly understood that para continues prohibit any actions which would directly or indirectly prevent exercise liberty of conscience and freedom of worship.

3. Delete ref QUOTE religious corporations or associations UNQUOTE, thus limiting statement to QUOTE whether individually or collectively UNQUOTE. If so, must be clearly understood that para continues assure right to have pastors and such organization as needed operate church and conduct divine worship and other usual church services.

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It should not be regarded that foregoing indicate compromise in any way of basic principles of freedom of conscience and right worship individually or in organized manner.

Acting

CP:HWalker:met
JMKennedy
10-8-47

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Ref Deptel 1979, Oct 7, Art XVIII, para 3, replace with following:

QUOTE The two HCPs agree that business practices which restrain competition, limit access to markets or foster monopolistic control, and which are engaged in or made effective by one or more private or public commercial enterprises or by combination, agreement or other arrangement among public or private commercial enterprises may have harmful effects upon the commerce between their respective territories. Accordingly, each HCP agrees upon the request of the other HCP to consult with respect to any such practices and to take such measures as it deems appropriate with a view to eliminating such harmful effects UNQUOTE.

This revised version deemed more suitable bilateral commercial treaty counterpart analogous multilateral ITO Charter cartel provision.

Ref Embtel 3033

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Ref Embtel 3038, Oct 1, Art XXII, para 3. Following concession Italians authorized: End first clause with period in lieu of semicolon, fourth line. Begin new sentence fifth line by substituting QUOTE however UN NOTE for first three words thereof. At end present para add new clause preceded by semicolon:

QUOTE provided that, with respect to coasting trade carried on by vessels not exceeding 2000 tons, the Italian Republic may accord special privileges to vessels of countries bordering the Adriatic Sea UNQUOTE.

At discretion, suggested 2000 tonnage limitation may be raised as high as 5000 tons.

Article XXIV, para 3. Revision opening clause (D) to replace material preceding words QUOTE or by the USA UNQUOTE, authorized as follows:

QUOTE (d) advantages now accorded or which may hereafter be accorded by the Ital Republic to San Marino, to the Free Territory of Trieste or to the State of Vatican City UNQUOTE.

Dept opposes including preference former Ital colonies, at least in present bilateral Commercial Treaty.

Such

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Such preferences would be consequential and without justification on grounds economic, practical or legal necessity. Additional preferences behalf Italy would contradict larger US policy seeking elimination preferences, as witness US position ITO discussions. Moreover, ultimate administration and status Ital colonies still undecided and thus improper for US possibly now prejudice future international action re their international trade relations.

Article XXVII. Authorized delete entire Art and correspondingly renumber following Arts. Peace Treaty ref originally included as precaution but now appears superfluous. Despite deletion, of course, general settlement under Peace Treaty remains unaffected; and Italo-American commitments also remain unaffected unless superseded by clearly conflicting provisions later instrument. Dept fails perceive, however, why clear conflict between two Treaties should arise. As for Art 82 Peace Treaty, wording thereof contemplates that matters therein covered also by subsequent commercial treaty would be superseded by latter.

No

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No occasion perceived for including ref Lombardo agreements, unless Itals can make good case therefor.

Ref Embtel 2863, Sept 20, Art III. Banking commissioners, Ill., Mass., NY., and Penna each reports laws and regulations re chartering subsidiaries foreign banking companies remain unchanged; and indicates Itals have technical legal opportunity each state start anew banking subsidiaries (ref to as trust companies) such as existed prewar. However, administrative policy may affect prospects since laws usually give bank comms considerable discretion.

NY reports dissatisfaction operation old Banco di Napoli Trust Co. because catered almost entirely Ital speaking clientele. Administrative policy would be against permitting reestablishment in old form with deposit receiving functions, since present banking facilities declared adequate serve all needs depositing public. However, establishment Ital trust company might be favored if primary purpose facilitation foreign trade. For your info, Dept recommendation was invited as to establishment new agencies of Ital banks (e.g. that of Banco Commerciale Italiana,

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Italiana, which can do everything bank can except receive deposits).

Penna reports existing banking facilities considered adequate most areas where new banks have recently been sought, and for past several years most new charter applications rejected this reason. Suggested this might be most important factor determining whether Ital Trust Cos. can be reestablished. Implication, however, that Ital interests would be given equal consideration with American interests. Noted in passing that law still requires two-thirds incorporators be Amcitizens.

Mass. and Ill. failed specifically answer inquiry re possible administrative policy difficulties. No inference they would reject Ital banking application.

Emb may use this info at discretion, but without engaging Dept responsibility over how any state might actually treat specific application reestablishment prewar Ital controlled company.

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Dept trusts this completes needed replies commercial treaty Embtels numbers one through nine, except social security matter Embtel 3003, Sept 30, Art XII. Dept hopes be able very shortly forward proposal re latter.

LOVETT

ACTING

CF:HWalker:JKennedy:met
10-9-47

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Tenth Meeting in Negotiations Between the United States and Italian Delegations for a Treaty of Friendship, Commerce and Navigation

LIT (36) (40)

Approved:

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Participants:

For the United States: Messrs. Ainsworth, Setser.

For Italy: Mr. Lombardo, President; Messrs. Simonis, De Vera; De Rossi, Serrentino, Ippolito, La Rosa, De Luca, Timarco, Maresca, Sensi, Col. Gremonese.

Time: 10:00 A.M. October 10, 1947.

Place: Palazzo Chigi.

The Italian delegation submitted a draft convention on the recognition of academic degrees for transmission to the U. S. Government. They stated that, if the Federal Government could not make such an agreement, the Italian Government would like to make arrangements directly with the American Universities, with the Federal Government agreeing to recognize such agreements and to aid in making them. The American delegation agreed to transmit the draft and the alternative proposal to their Government.

The American negotiators stated that they had recently received additional instructions from their Government, and, on the basis of these instructions, wished to submit a number of proposals and explanations for the consideration of the Italian delegation.

Article XIII

Paragraph 3. The American delegation stated that it was authorized to agree to the proposal of the Italian delegation that this paragraph be dropped from the Treaty. It said that it wished to have it clearly understood, however, that the purpose of the paragraph was to forewarn the alien of the consequences under United States law of refusing military service, and that the United States policy of debarring aliens from citizenship for refusing military service will in all probability be continued.

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The Italian delegation stated that the amendment and explanation were satisfactory.

Article XIV

Paragraph 4. The American delegation said that it was authorized to state that the United States Government understands that the public notice rule in this paragraph is designed to allow traders to plan their operations when the Government administers an import-export control system, the implementation of which it is possible to establish in advance and that the use of the term "general rule" indicates that it is not intended to require obviously impossible notices when the import system is necessarily functioning on a highly uncertain or day-to-day basis dictated by the present acute foreign exchange situation.

The Italian delegation stated that this explanation was satisfactory to them, and that they had no further objection to this paragraph.

Article XV

Paragraph 1. The American delegation stated that it was authorized to agree to the amendment of the first sentence of this paragraph as follows:

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of each High Contracting Party that have general application and that pertain to the classification of articles for customs purposes or to rates of duty shall be published promptly in such a manner as to enable traders to become acquainted with them.

The Italian delegation stated that the amended paragraph was acceptable to them.

Article XXIV

The American delegation is authorized to add the following as separate sentence, part of sub-paragraph (e), at end of Paragraph 1:

> If the International Monetary Fund should cease to function, or if either High Contracting Party should cease to be a member thereof, the two High Contracting Parties, upon the request of either High Contracting Party, shall consult together and may conclude such arrangements as are necessary to permit appropriate action in contingencies relating to international financial transactions comparable with those under which exceptionable action had previously been permissible.

The Italian

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